



The Surplus Line
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Re: Adjustment to Calculations for Application of Commercial Insured Exemption

The federal Nonadmitted and Reinsurance Reform Act of 2010 and California Insurance Code Section 1760.1(b)(3)(B) provide for adjustment of the minimum qualifying amounts for net worth, annual revenues, and annual budgeted expenditures for certain commercial insureds every five years based on changes in the Consumer Price Index. The California Department of Insurance has issued [Bulletin 2025-10](#) advising of the adjustment for 2025, adopting the calculations of the National Association of Insurance Commissioners (NAIC). The adjustment became effective January 1, 2025.

California Insurance Code Section 1763(h) provides an exemption from the diligent search requirement if the insured qualifies as a “commercial insured” as defined in California Insurance Code section 1760.1(b). That definition includes thresholds for net worth, annual revenues, and annual budgeted expenditures.

More information regarding this “commercial insured” exemption is available on the SLA website at https://www.slacal.com/docs/default-source/general-content-documents/nrra-docs/ecp-checklist.pdf?sfvrsn=50f3605b_13.